

Message Text

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67

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 TRSE-00 USPS-01 /072 W

----- 090508

R 131641Z SEP 76

FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC 8358

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LISBON

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: ELAB: DI

SUBJECT: INTERIM PAY AGREEMENT APPROVED

REF: DUBLIN 1627

1. A SPECIAL DELEGATE CONFERENCE OF THE IRISH CONGRESS OF TRADE
UNIONS (ICTU) RATIFIED SEPT. 11 THE "INTERIM" NATIONAL WAGE
AGREEMENT BY A LARGE MAJORITY. THE AGREEMENT, WHICH PROVIDES FOR
A THREE TO FIVE POUND WEEKLY INCREASE, GOES INTO EFFECT IMMEDIATELY
AND WILL BE IN EFFECT FOR FIVE MONTHS.

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2. THE AGREEMENT CLEARS THE WAY FOR A TWO-STAGE NEGOTIATION BETWEEN EMPLOYERS, ICTU, AND GOVERNMENT: 1) GENERAL DISCUSSIONS ABOUT ECONOMIC AND SOCIAL STRATEGY OVER THE NEXT TWO YEARS. WAGE RESTRAINT, OF COURSE, WILL BE THE MAIN TOPIC. 2) THE GENERAL TALKS WILL BE FOLLOWED BY CONVENING OF THE EMPLOYER-LABOR CONFERENCE (TECHNICALLY ONLY EMPLOYERS AND ICTU, BUT THE GOVERNMENT SITS IN AS A MAJOR EMPLOYER) TO NEGOTIATE A NEW NATIONAL AGREEMENT, TO RUN TO THE END OF 1977 AT LEAST.

3. COMMENT: THE INTERIM AGREEMENT IS A RATHER LOOSE, OPEN-ENDED AFFAIR WHICH LEAVES MANY LOOPHOLES FOR "ANOMALY" INCREASES. IT SHOWS SOME RESTRAINT, SINCE THE WORKERS ARE ACCEPTING AN OVERALL INCREASE SOMEWHAT BELOW THE EXPECTED LEVEL OF INFLATION. THE AGREEMENT COULD WORK OUT TO ABOUT A 12 PERCENT INCREASE, WHICH, WHEN COMPARED TO THE AGREEMENT IN THE UK, IRELAND'S MAJOR TRADING PARTNER WILL REDUCE IRELAND'S COMPETITIVENESS. THE NEGOTIATION OF A NEW AGREEMENT WILL BE A LONG AND BLOODY AFFAIR, WITH THE GOVERNMENT UNDER AN INCREASING NECESSITY OF HANGING TOUGH (THE NECESSITY COMES FROM INCREASING PRESSURE FROM THE REST OF THE EC FOR IRELAND TO SHOW MORE FISCAL RESTRAINT). WITH THE JUNIOR PARTNER OF THE GOVERNMENT (LABOR) AS THEIR HOSTAGE, AND WITH INFLATION CONTINUING TO RAGE, THE UNIONS ARE IN NO MOOD TO UNDERSTAND THE GOVERNMENT'S PROBLEM. IRELAND WILL HAVE A COLD WINTER, LABOR-RELATIONWISE.
CURLEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, AGREEMENTS, WAGES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976DUBLIN01894
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760345-0652
From: DUBLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760968/aaaacfwf.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 DUBLIN 1627
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2004 by BoyleJA>; APPROVED <11 AUG 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTERIM PAY AGREEMENT APPROVED
TAGS: ELAB, EI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006